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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Q
92-2269

FORM 10-Q

(Mark one)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period ended .....March 31, 1992.....

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from .....to.....

Commission file number 0-8641

SELECTIVE INSURANCE GROUP, INC.
(Exact name of registrant as specified in its charter)

New Jersey	22-2168890
(State of Incorporation)	(I.R.S. Employer Identification No.)

Wantage Avenue, Branchville, New Jersey	07890
(Address of principal executive offices)	(Zip Code)

201-948-3000
(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of April 30, 1992.

Common stock par value $2 per share: 13,313,735

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PART I

Item 1. Financial Statements

The Consolidated Statements of Income and Consolidated Balance Sheets required under this item are incorporated by reference to that portion of the Registrant's 1992 First Quarter Report to Stockholders entitled "Consolidated Statements of Income" and "Consolidated Balance Sheets". The Consolidated Statements of Cash Flows required under this item are contained on page 3 of this Report.

SELECTIVE INSURANCE GROUP, INC.
Consolidated Statements of Cash Flows
Quarter Ended March 31

(in thousands) (unaudited)

	1992	1991
Operating Activities		
Net Income	$33,628	922
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect on prior years of changes in accounting principles, net of tax effect	(26,468)	-
Increases in reserves for losses and loss expenses	7,721	20,249
Increase in unearned premiums	10,081	11,316
Increase (decrease) in Federal income taxes	44	(1,386)
Depreciation and amortization	1,314	1,147
Increase in premiums and other receivables	(9,593)	(11,358)
Increase in deferred policy acquisition costs	(2,400)	(3,000)
Decrease in interest and dividends due or accrued	57	619
Increase in funds held under reinsurance treaties	3,507	4,747
Decrease in deferred service fee income	(495)	(760)
Net realized gains on investments	(8)	(393)
Increase in premium and payroll taxes payable	3,122	1,028
Other - net	(5,988)	(7,995)
Net adjustments	(19,106)	14,214
Net cash provided by operating activities	14,522	15,136
Investing Activities		
Purchase of fixed maturities	(18,053)	(37,475)
Purchase of other investments	(2,293)	(60)
Sale of fixed maturities	-	2,376
Maturities of fixed maturities	3,013	22,251
Sale of equity securities	5	2,599
Proceeds from other investments	206	95
Net additions to real estate, furniture and equipment	(1,069)	(2,138)
Net cash used in investing activities	(18,191)	(12,352)
Financing Activities		
Principal payments on notes payable	-	(125)
Dividends to stockholders	(3,454)	(3,417)
Acquisition of treasury stock	(181)	-
Increase in amount due banks	6,348	8,850
Net proceeds from dividend reinvestment plan	271	268
Net proceeds from employee and agent stock plans	241	145
Net cash provided by financing activities	3,225	5,721
Net increase (decrease) in cash equivalents	(444)	8,505
Cash equivalents at beginning of year	19,595	34,522
Cash equivalents at end of period	$19,151	43,027
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	633	650
Federal income tax	1,173	830
Supplemental schedule of non-cash financing activity:		
Conversion of convertible subordinated debentures	222	47

'Item 2. **Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion relates to the Company's results of operations, financial condition and cash flow for the interim periods indicated. In the opinion of management, all adjustments necessary for a fair presentation of the results of operations for the interim periods indicated have been made.

Results of Operations

Net premiums written and earned increased for the first quarter of 1992 over the same period one year ago by 6% and 8%, respectively. Most of the growth occurred in personal lines, where net premiums written were up 13% compared with a 2% increase in commercial lines.

The rise in personal lines premiums written occurred in New Jersey automobile, which increased approximately $6.3 million over the first quarter of 1991. This growth reflects: (1) additional premiums of $2.3 million generated from an increase in the number of policies written; and (2) additional premiums of approximately $4.0 million due to higher rates. The increase in the number of New Jersey automobile policies was primarily due to new policies issued by the Company to meet regulatory requirements.

The modest growth in commercial lines reflects the current economic conditions reducing premium levels in most lines of insurance. However, workers' compensation net premium written increased by $4.1 million, or 15%, essentially due to rate increases and lower reinsurance costs.

Net investment income earned increased by 9% to $18 million for the three months ended March 31, 1992, essentially due to the investment of additional cash generated by operating activities during the last twelve months. Another factor increasing investment income was the shift in the mix of fixed maturity investments from tax-exempt to taxable, where higher pre-tax yields were available.

The ratio of losses and loss expenses incurred to net premiums earned was 67.5% for the quarter ended March 31, 1992, down from the 75.4% for the same period one year ago. The improvement in the ratio reflects better claim experience in personal automobile and commercial property. In addition, included in losses incurred for the first quarter of 1991 was a $6 million increase in loss reserves from involuntary business assigned to the Company by the National Workers' Compensation Reinsurance Pool (the "Pool").

Policy acquisition costs rose during the first quarter of 1992 over the same period one year ago by $5.1 million. The increase, in part, reflects the $2.0 million estimated assessment from the Market Transition Facility

of New Jersey (the "MTF") for the first quarter of 1992. This amount represents the Company's estimate of its apportioned share of the loss from the MTF (the New Jersey involuntary personal automobile market). Another factor increasing the policy acquisition costs is the expenses (approximately $2 million) related to premium growth. These costs include commissions, premium taxes and assessments.

During the first quarter of 1992, the Company adopted Financial Accounting Standard No. 109, Accounting for Income Taxes (FASB 109) as a cumulative effect adjustment. This adjustment amounted to $20.3 million. Under FASB 109, the Company must use a balance sheet approach in accounting for deferred tax liabilities and assets in place of the income statement method. One of the most significant components of the FASB 109 adjustment was the elimination of the alternative minimum tax (AMT), which accounted for $13.3 million of the total adjustment. Another significant factor was the immediate recognition of the loss reserve and anticipated salvage and subrogation fresh start benefits ($5.7 million). Consequently, the total Federal income tax expense of $1.2 million recorded for the first quarter of 1992 does not include any provision for either additional AMT or fresh start benefits. This contrasts with 1991 when the Company was in an AMT position at a 20% rate for financial statement purposes. The additional financial statement tax expense generated from AMT during the first quarter of 1991 amounted to $2.1 million.

In addition to the FASB 109 amount, the cumulative effect adjustment includes an accounting change adopted by the Company in the method of deferring policy acquisition costs. The new method anticipates investment income in determining recoverability of its deferred policy acquisition costs and is preferable because the Company considers anticipated investment income in determining the price of its insurance policies. This change increased the cumulative effect adjustment by $6.1 million after reduction for income taxes of $3.1 million.

The Company's net income for the quarter ended March 31, 1992 was $33.6 million, compared with $.9 million in 1991. The significant increase reflects: (1) the cumulative effect adjustment of $26.5 million; (2) the $6.9 million improvement in the underwriting results; and (3) the higher net investment income of $1.5 million. The loss from underwriting operations (before Federal income taxes) was $8.5 million in 1992 compared with $15.4 million in 1991. The 1991 underwriting results reflect the previously mentioned $6 million increase in Pool loss reserves.

Financial Condition, Liquidity and Capital Resources

Total assets climbed $56.3 million, or 5%, from December 31, 1991. This growth was essentially due to: (1) increases in deferred Federal income taxes of $19.9 million and deferred policy acquisition costs of $11.7 million (mainly due to the accounting changes described above); (2) cash provided by operating activities of $14.5 million; and (3) the higher net premiums written reflected in premiums receivable.

The rise in total liabilities of $27.9 million from December 31, 1991 is mainly composed of: (1) increases in reserves for losses and loss expenses of $7.7 million; (2) growth in the unearned premiums of $10.1 million; and

(3) increase in funds held under reinsurance contracts of $3.5 million. The higher unearned premiums is a reflection of the growth in net premiums written but not yet earned.

Cash provided by operating activities for the quarter was $14.5 million in 1992 versus $15.1 million in 1991.

Part II OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of the Stockholders was held on May 1, 1992. At this meeting, a proposal to adopt the Selective Insurance Stock Option Plan II (the "Plan") was approved by the stockholders. The Plan provides for the granting of stock options, which may or may not have stock appreciation rights (SAR's) attached, to executives and key employees of the Company. Under the Plan, 600,000 shares of the Company's common stock will be reserved for issuance upon the exercise of options granted. There were 9,608,700 affirmative votes and 1,648,973 negative votes cast with respect to the adoption of the Plan.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit Number	
11	Statement Re Computation of Per Share Earnings
18	Letter Re Change in Accounting Principles
20	Selective Insurance Group, Inc. 1992 First Quarter Report to Stockholders (with the exception of the information incorporated by reference into Part I of this report, such First Quarter Report is furnished for the information of the Securities and Exchange Commission and is not deemed "filed" as part of this Form 10-Q Report).

(b) There were two reports filed on Form 8-K and one report filed on Form 8 during the quarter for which this report is filed. The first Form 8-K was filed on February 17, 1992, with respect to the proposed acquisition of Niagara Exchange Corporation ("Niagara") through a cash merger. A Form 8 was filed on February 28, 1992, to correct the wording in the second paragraph of Item 5 on page 2 of 15 in the Form 8-K filed on February 17, 1992. The second Form 8-K was filed on March 30, 1992 stating that the Registrant and Niagara executed and delivered to each other an Agreement and Plan of Merger.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SELECTIVE INSURANCE GROUP, INC.
Registrant

Date May 12, 1992

Frederick H. Jarvis
Frederick H. Jarvis
Chairman of the Board
and Chief Executive Officer

Date May 12, 1992

Dominic J. Addesso
Dominic J. Addesso,
Executive Vice President and
Chief Financial Officer

1st
quarter report
1992

CHAIRMAN'S MESSAGE

To Our Stockholders:

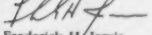
The results for the first quarter of 1992 have been marked by an improvement in the underwriting results, particularly in the commercial lines segment. However, personal automobile and homeowners continue to be problems. The automobile business, especially in New Jersey, is a major difficulty. The homeowners line produced a sharply worsened record, which can be attributed to several significant liability claims.

In commercial lines, workers' compensation, although somewhat improved, reflects the general deterioration of this previously profitable class. On a national scale, this system, designed to compensate injured workers without determining fault, is being eroded by the increasing resort to courts for the adjudication of awards. We continue to pursue the rates necessary to reflect the costs inherent in what is now approaching a "fault system."

Generally, premium volume increased by almost 6% and the underwriting loss was $8.5 million, down from $15.4 million a year earlier. However, we must remember that the loss for the first quarter of 1991 included a $6 million assessment from the National Workers' Compensation Reinsurance Pool, which was our share of a huge $1.4 billion reserve increase for the involuntary workers' compensation pool—the assigned risk plan.

Overall, we are off to a fairly good start. Investment income was up 9% to $18 million and the combined ratio was 105.6%, down from 112.2% in 1991.

At the regular meeting of the Board of Directors held on May 1, 1992, the Board declared a quarterly dividend of $.28. This is a $.02, or 8%, increase and is payable on June 1, 1992, to stockholders of record on May 15, 1992.



Frederick H. Jarvis
Chairman and
Chief Executive Officer

CONSOLIDATED STATEMENTS OF INCOME

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(In thousands, except per share data)

	Quarter ended March 31	
	1992	1991
Revenues:		
Net premiums written	$136,125	128,533
Increase in unearned premiums	(10,081)	(11,316)
Net premiums earned	126,044	117,217
Net investment income earned	18,032	16,528
Net realized gains on investments	8	393
Other income	513	526
Total revenues	144,597	134,664
Expenses:		
Losses incurred [1]	70,929	73,303
Loss expenses incurred	14,099	15,047
Policy acquisition costs	47,567	42,474
Dividends to policyholders	1,868	1,813
Interest expense	312	329
Other expenses	1,446	1,332
Total expenses	136,221	134,298
Income before Federal income tax and cumulative effect of changes in accounting principles	8,376	366
Federal income tax expense (benefit)	1,216	(556)
Income before cumulative effect of changes in accounting principles	7,160	922
Cumulative effect on prior years of changes in accounting principles, net of tax effect [2,3]	26,468	—
Net income	$ 33,628	922
Earnings per share:		
Primary:		
Income before cumulative effect of changes in accounting principles	$ .54	.07
Cumulative effect on prior years of changes in accounting principles, net of tax effect [2,3]	1.99	—
Net income	$ 2.53	.07
Fully diluted:		
Income before cumulative effect of changes in accounting principles	$ .52	.07
Cumulative effect on prior years of changes in accounting principles, net of tax effect [2,3]	1.85	—
Net income	$ 2.37	.07
Dividends to stockholders	.26	.26
Pro forma amounts assuming the new method of deferring policy acquisition costs is applied retroactively [4]:		
Net income	$ 7,160	2,122
Net income per share:		
Primary earnings	$ .54	.16
Fully diluted earnings	.52	.16

[1] Losses incurred for the quarter ended March 31, 1991 include a $6.0 million involuntary loss from business assigned to the Company by the National Workers' Compensation Reinsurance Pool. This item, net of tax effect, reduced net income by $4.8 million.

[2] Financial Accounting Standard No. 109, Accounting for Income Taxes (FASB 109) was adopted during the first quarter of 1992 as a cumulative effect adjustment. This change increased the cumulative effect adjustment and net income by $20,350,000 ($1.53 per share primary and $1.42 per share fully diluted). Under FASB 109, the Company must use a balance sheet approach in accounting for deferred tax liabilities and assets in place of the income statement approach presently required.

[3] In the first quarter of 1992, the method of deferring policy acquisition costs has been changed to anticipate investment income in determining recoverability of its deferred policy acquisition costs. The newly adopted accounting principle is preferable because the Company considers anticipated investment income in determining the price of its insurance policies. This change affected the following line items: a. income before cumulative effect of changes in accounting principles increased by $726,000 ($.06 per share primary and $.05 per share fully diluted), b. the cumulative effect on prior years of changes in accounting principles, net of tax effect, increased by $6,138,000 ($.46 per share primary and $.45 per share fully diluted), after reduction for income taxes of $3,162,000; and c. net income increased by $6,864,000 ($.52 per share primary and $.48 per share fully diluted).

[4] The pro forma amounts reflect the effect of retroactive application on the deferred policy acquisition costs, net of related income taxes, as if the new method had been effective January 1, 1991.

CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

	March 31 1992	December 31 1991
ASSETS		
Investments:		
Fixed maturities—at amortized cost:		
U.S. Government and Agencies	$ 290,148	285,549
State and Municipal	305,285	301,319
Corporate	195,136	189,605
Mortgage-backed securities	73,518	73,463
Total fixed maturities [1]	864,087	849,936
Equity securities—at market [2]	66,745	70,213
Short-term investments	19,151	19,595
Other investments	10,614	8,372
Total investments	960,597	948,116
Interest and dividends due or accrued	18,390	18,447
Premiums and other receivables	118,780	109,187
Reinsurance recoverable on paid losses and expenses	3,603	3,942
Deferred Federal income tax	29,267	9,400
Real estate, furniture and equipment	48,747	48,509
Deferred policy acquisition costs	64,700	53,000
Excess of cost over fair value of net assets acquired	2,399	2,425
Other assets	20,418	17,580
Total assets	$1,266,901	1,210,606

	March 31 1992	December 31 1991
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Reserve for losses	$ 523,439	516,430
Reserve for loss expenses	109,993	109,281
Unearned premiums	232,009	221,928
Convertible subordinated debentures	14,248	14,470
Reserve for dividends to policyholders	6,367	6,301
Current Federal income tax	2,896	1,773
Premium and payroll taxes payable	19,310	16,188
Funds held under reinsurance treaties	17,375	13,868
Other liabilities	42,825	40,369
Total liabilities	968,462	940,608
STOCKHOLDERS' EQUITY:		
Common stock of $2 par value per share:		
Authorized shares— 90,000,000 Issued: 16,511,014—1992; 16,461,839—1991	33,022	32,924
Additional paid-in capital	25,632	24,996
Net unrealized gains on equity securities, net of deferred income tax effect	13,801	16,087
Retained earnings	271,087	240,913
Treasury stock—at cost (shares: 3,197,279—1992; 3,187,885—1991)	(45,103)	(44,922)
Total stockholders' equity	298,439	269,998
Total liabilities and stockholders' equity	$1,266,901	1,210,606

[1] The market value of fixed maturities was $899,581 and $906,901 at March 31, 1992 and December 31, 1991, respectively.
[2] The cost of equity securities was $65,855 and $65,845 at March 31, 1992 and December 31, 1991, respectively.

UNDERWRITING RESULTS

(dollars in thousands)

The following data presents the underwriting income and expense on a statutory basis before Federal income tax, adjusted to GAAP, and other statutory information.

	Quarter ended March 31	
	1992	1991
ANALYSIS OF OPERATIONS		
Net premiums written	$136,025	128,533
Net premiums earned	$125,944	117,217
Losses and loss expenses	85,028	88,351
Underwriting expenses (including installment fees and premium balance charge-offs)	49,754	45,365
Dividends to policyholders	1,868	1,813
	136,650	135,529
Statutory underwriting gain (loss)	(10,686)	(18,312)
Adjustments under GAAP:		
Deferred policy acquisition costs	2,400	5,000
Other, net	(206)	(47)
GAAP underwriting loss	$ (8,492)	(15,359)
STATUTORY OPERATING RATIOS		
Losses and loss expenses to net premiums earned	67.5%	75.4
Underwriting expenses to net premiums written	36.6%	35.3
Combined ratio after dividends to policyholders	105.6%	112.2
PERSONAL LINES		
Automobile:		
Net premiums written	$ 36,721	31,577
Combined ratio	114.2%	119.2
Homeowners:		
Net premiums written	$ 8,100	8,197
Combined ratio	127.9%	116.9
Other:		
Net premiums written	$ 1,649	1,380
Combined ratio	90.0%	98.5
COMMERCIAL LINES		
Automobile:		
Net premiums written	$ 29,565	31,708
Combined ratio	97.7%	102.9
Workers' Compensation:		
Net premiums written	$ 31,680	27,643
Combined ratio after dividends to policyholders	119.3%	137.2
Liability:		
Net premiums written	$ 17,298	18,026
Combined ratio	78.4%	85.3
Property:		
Net premiums written	$ 7,516	6,896
Combined ratio	102.2%	135.4
Other:		
Net premiums written	$ 3,496	3,306
Combined ratio	78.5%	78.7

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except per share amounts)

	Quarter ended March 31	
	1992	1991
Stockholders' equity, January 1 (per share: $20.34—1992; $18.91—1991)	$269,998	248,274
Net income	33,628	922
Increase (decrease) in net unrealized gains on equity securities, net of deferred income tax effect	(2,286)	4,876
Cash dividends to stockholders	(3,454)	(3,417
Net proceeds from sales of common stock under dividend reinvestment plan	271	268
Net proceeds from sales of common stock under employee and agent stock purchase plans	241	145
Conversion of convertible subordinated debentures	222	47
Acquisition of treasury stock	(181)	—
Stockholders' equity, March 31 (per share: $22.42—1992; $19.08—1991)	$298,439	251,115

CORPORATE INFORMATION

Executive Office
40 Wantage Avenue
Branchville, New Jersey 07890-0001
Telephone (201) 948-3000

Stock Listing
The common stock of Selective Insurance Group, Inc. is traded on the NASDAQ National Market System under the symbol SIGI.

Investor Relations
Charles L. Tice
Senior Vice President and Treasurer
40 Wantage Avenue
Branchville, New Jersey 07890-0001
(201) 948-1311

Registrar and Transfer Agent
First Chicago Trust Company
of New York
30 West Broadway
New York, New York 10007-2192

Dividend Reinvestment Plan
Selective Insurance Group, Inc. makes available to holders of its common stock an automatic dividend reinvestment service. For information write to:

First Chicago Trust Company
of New York
30 West Broadway
New York, New York 10007-2192